

# City of Detroit

## CITY COUNCIL

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TO: Tyrone Davenport, Acting Interim President/Chief Executive Officer  
Charles H. Wright Museum of African American History

FROM: Irvin Corley, Jr., Fiscal Analysis Director **24.**

DATE: May 2, 2006

RE: 2006-2007 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Pamela Scales, Budget Department Director  
Rogers Short, Interim Chief Financial Officer  
Renee Short, Budget Department Team Leader  
Kandia Milton, Mayor's Office

## **Museum of African American History**

### **FY 2006-2007 Budget Analysis by the Fiscal Analysis Division**

#### **Background**

The Charles H. Wright Museum of African-American History is a nonprofit corporation that documents, preserves and educates the public on the history, life and culture of African Americans. Founded in 1965 by Dr. Charles H. Wright, the Museum serves as a resource center providing quality educational programs and exhibitions documenting the horror of slavery, the struggle for freedom, and the civil rights movement.

In 1999, the City entered into a long-term operating agreement with the Museum to manage and operate the facility, which also includes management and maintenance of the artifacts collection and presentation of exhibitions and other events. The Museum acts as an independent contractor of the City and, as such, has full authority to discharge its duties without restrictions, except for those imposed by the agreement. Under the terms of the agreement, the Museum petitions the city for operating funds each year.

The Museum receives operating fund from paid admissions, memberships, facility rentals, catering, store sales, special events, private contributions, and City's grants.

#### **Summary**

The Mayor's 2006-2007 Proposed Budget recommends a total contribution of \$2.4 million to the Museum, an increase of \$1.2 million (100%) over the City's fiscal year 2005-2006 contribution. Of the total contribution, \$1.4 million represents an operating subsidy and \$1 million represents funds for capital improvements.

#### **Significant Changes in Funding by Appropriation**

<b><u>Appro.</u></b>	<b><u>Program</u></b>	
05414	Museum of African American History – Operations	The Mayor's recommended budget of \$1.4 million is a 40% increase over the fiscal year 2005-2006 Budget of \$1.0 million. According to a Budget Department representative, the Museum needs at least \$1.4 million in operating subsidy from the City to meet its annual operating costs. The Museum had to cut hours and services to operate within its fiscal year 2005-2006 Budget when the City's subsidy was reduced to \$1.0 million. The Museum requested a subsidy of \$1.8 million.
10724	Museum of African American History – Capital	The Mayor's recommended budget of \$1.0 million is an increase of 400% over the fiscal year 2005-2006 Budget of \$200,000. The \$800,000 increase is for the development of the Black Inventors Gallery and for structural repairs.

## Museum Operations

In fiscal year 2005-2006, the Museum reduced both its staff and hours. Full time employees were reduced to 42 from 52. Part time employees increased to 17 from 15. The Museum is closed on Sunday, which was previously open from 1 p.m. to 5 p.m. The Museum is open on Wednesdays and Thursdays from 9:30 a.m. to 3 p.m. Previously on these days, the Museum stayed open until 5 p.m.

The Museum's preliminary outlook for fiscal year 2007 includes \$7,231,797 in revenue, \$6,779,220 in expenditures, and \$452,577 in a surplus. The \$7,231,797 in revenue includes a subsidy of \$1,805,000 from the City. The Mayor's recommended budget includes an operating subsidy of \$1,400,000, which would lower the surplus to \$42,577.

## 2005-2006 Surplus/(Deficit)

The Museum anticipates a deficit of \$110,414, which is composed of \$6,655,317 in revenue and \$6,765,731 in expenditures. The Museum's revenues are expected to exceed its budget of \$6,363,314 by \$292,000; while actual expenditures are expected to exceed the budget by \$604,475 due to an \$800,000 interfund transfer.

## Issues and Questions

1. Will the \$1.4 million operating subsidy for fiscal year 2006-2007 enable the Museum to reopen on Sundays and/or to remain open until 5 p.m. on Wednesdays and Thursdays?
2. What is the Museum doing to increase its operating revenues?
3. How much did the Museum raise from the fundraising efforts spearheaded by Judge Damon Keith?
4. How many people attended the Museum in fiscal year 2004-2005? How many people does the Museum expect will attend the Museum in 2005-2006 and 2006-2007?
5. Describe the progress that is being made in meeting the Museum's 2005-2008 Strategic Plan.
6. What is the Museum doing to become self-sufficient? When does the Museum anticipate that it will be self-sufficient?
7. What is being done to maintain current and generate new individual, corporate and foundation donations, and sponsorships?

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